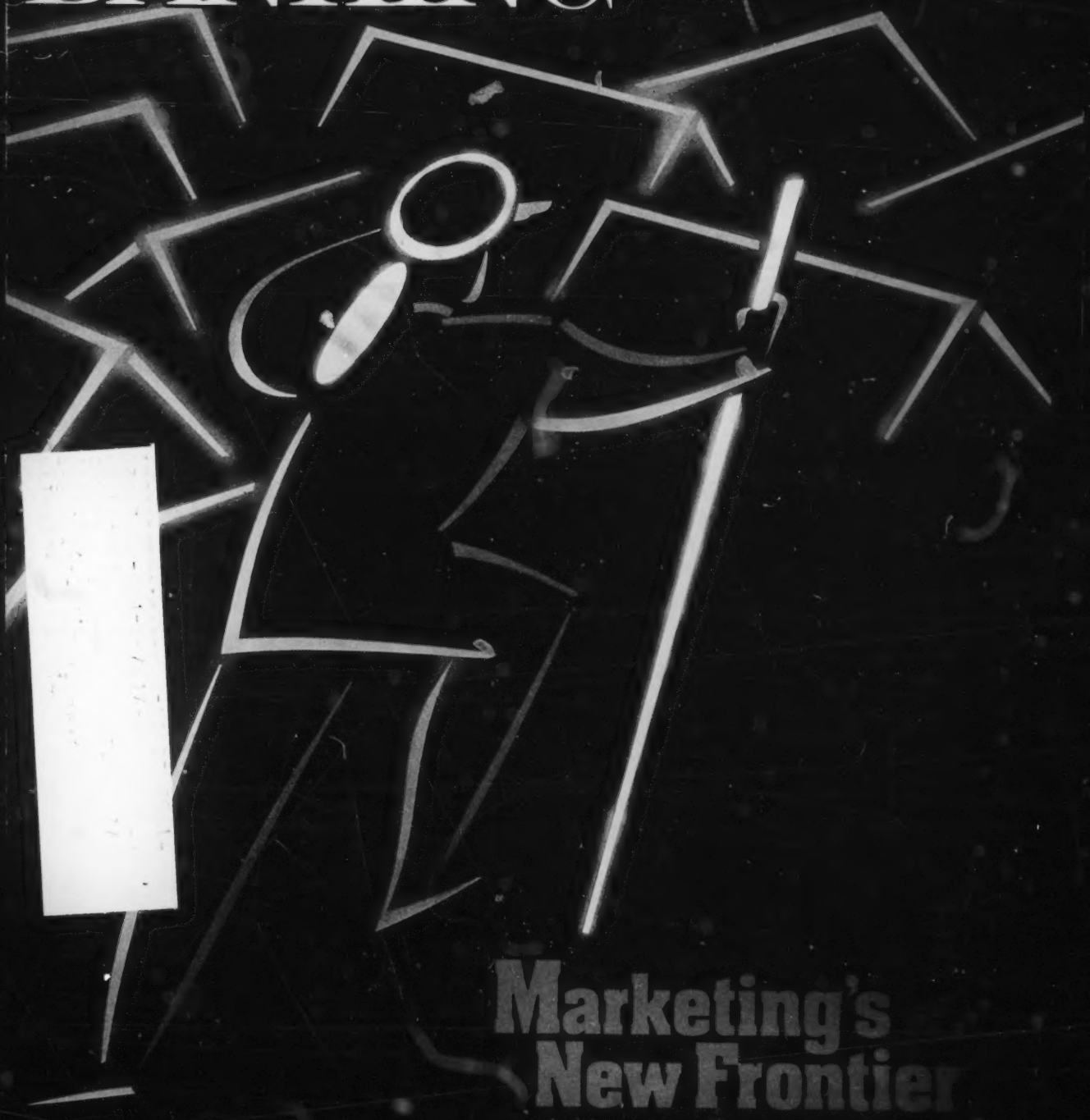
NOVEMBER 1990

MORTGAGE BANKING

THE MAGAZINE OF REAL ESTATE FINANCE



Marketing's New Frontier

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Marketing

Mortgage lenders are fishing in new waters for business. The days of relying solely on Realtors and builders for mortgage business are history. Some pioneers in the industry are linking up with large corporations and membership groups as preferred providers of mortgages to employees and members. In many ways, marketing in the mortgage business is venturing into previously uncharted territory.

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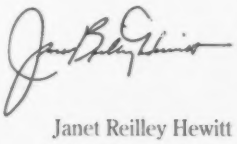
COVER ILLUSTRATION BY STEVE McCRACKEN

Pioneering Spirits

Mortgage bankers have never been that adventurous in pursuing marketing efforts. Advertising long remained an unexplored enterprise for the typical mortgage company. In the past, and even today, most mortgage bankers have relied on a crew of proven loan salespeople who forge loyal relationships with Realtors to bring in business. But now some of that appears to be changing. Our cover article examines a new way to bring in mortgage business that does not rely on loan officers or Realtors. The strategy hinges on marketing your loan programs and origination servicers to large corporations and membership groups. This push to corner large accounts outside of the realm of the builder/Realtor is one of the new avenues of the modern production manager. Dedicated, small squads of specialists have been given the mission of growing this source of originations. Companies such as IMCO Realty Services, Inc., First Union Mortgage Corporation and PHH US Mortgage Corporation have been pursuing this niche successfully. But it requires an operation that can consistently deliver top service—a tough job.

This issue also explores why investors and borrowers are so hot on the new five- and seven-year balloon mortgage products. These mortgages built for mobility are a tribute to the secondary market's ability to strike a balance between the needs of today's borrowers and investors. In about a year's time, Fannie Mae has managed to securitize roughly $3.8 billion worth of its seven-year balloons.

Finally, in the big promises depart ıent, this month's issue carries a story about Soviet President Gorbachev's ambitious goals for spreading homeownership in his country. The Soviet leader publicly announced a goal of having every family owning an apartment or house by the year 2000. To make good on this promise, the Soviets would have to build 30 million apartments and houses at a minimum of 6.56 billion square feet. The skeptics are already closing in on this one.



Janet Reilley Hewitt
Editor in Chief

COMING IN DECEMBER

How people are paid in the mortgage banking business is the topic for December's issue. We look at the results of a national survey of compensation trends in the industry.

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TECHNOLOGY CROSSROADS

Although that proverbial day when "computers will take over our jobs" is not here yet, advancing technology has changed the way mortgage lenders think about their company's operations. While reducing manpower in order to cut costs may appeal to the bottom-line sensibilities of mortgage banking managers, the dive into automation can mean more than that—by breathing new life into a company's vital signs.

Statistics such as the amount of loans serviced per servicing employee, loans produced per operations personnel and loans underwritten per month are some of the telling report cards of automation. If we can increase the capability of current staff—to produce more and service efficiently— we can use this capability to make and service more loans. Technology can also put mortgage bankers in a growth position by allowing them to do more of what they do best, at the least possible cost.

Many mortgage bankers sit on the brink of a difficult decision today—that is, whether or not to invest in the automation of their company's operations. What factors can they consider to ease the challenge of the technology decision? This article maps out six different areas for analysis: technological assessment, cost-to-acquire, implementation, upgradeability, system fit and long-term gain. Examining these areas will assist managers in their pursuit of the proper degree of automation for their organization.

> Investing in an automated system is an overwhelming decision. Here are some tips just for starters.
>
> Brian Hershkowitz

The technology assessment

Decisions to acquire automated systems are based on a technology assessment—a complete examination to determine which areas of the company can most benefit from technology. Performing this type of analysis is important; it enables the company to end up with a product that supplies the functions the firm needs at the right level of capacity. The three factors that should be assessed are the company's needs, goals and available technologies.

Realizing the need to automate is a fundamental step. Lenders should ask: "What efficiencies can be obtained by adding technology to the current paper flow? What, if anything, needs to be done now? What new needs will the addition of the system create?" To clearly understand these kinds of questions, management must zero-in on the current strengths and weaknesses of the operation.

Jeffrey Butler, senior vice president and chief information officer at Countrywide Funding Corporation, Pasadena, speaks strongly of examining his company's needs at this early stage. "When we talked about our commitment to technology, we decided to start our automation efforts before the technologies were even commonplace." Countrywide saw its major investment in technology as a way to confront the ultimate operational issue—better customer service. Thus, by evaluating the needs and capabilities of different parts of their organization, Countrywide has taken a leadership position because their assessment was not based on what vendors had to offer—rather, it was shaped by the goals of top management at the firm.

When a company's management believes that its operations are not at peak efficiency, it is because they perceive that some processes could work differently. Maybe the current system lacks a tracking component. Or, two separate systems may not interface well. Perhaps volume of the corporation is overwhelming the existing per-

sonnel and equipment. In each case, management must spell out their perception of a better system in terms of goals and specific tasks. Once the needs have been assessed, vendors can be solicited to offer various systems. Each vendor may come up with a completely different idea; therefore, it is wise for the manager to keep clearly in mind what steps the company is willing to take.

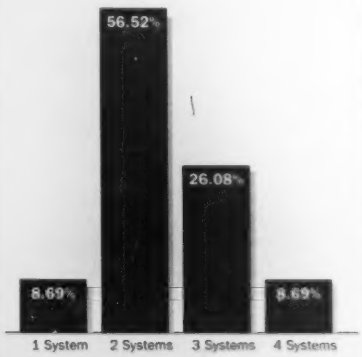
First, managers at many levels of the company should be called in to discuss which areas can truly benefit from automation. Not only will interesting information be passed upwards with regards to line operations, but this should encourage many employees to be receptive to the events to come. By believing that their input has helped shape the system, the company's staff may contribute more willingly when asked to help get the system off the ground.

It is also important that part of the technological assessment involves looking at the competition's investment in technology. If it is management's primary goal to keep ahead of their competitors, then those in the acquisition process must keep that in mind. A company's use of technology often distinguishes it as a market leader.

Also, many vendors have user groups that are open to those who are considering the purchase of a system. By having a staff representative visit one or two of these meetings, you may learn about unique opportunities for your firm, as well as deficiencies that other users have had with a particular system.

TABLE 1

How many different systems do full service mortgage bankers utilize?



Availability

In the world of information processing, three alternatives are available for the utilization of software for a particular function. The first choice is to use prepackaged software programs, written generically for many people who want to automate the same function. This "off-the-shelf" type of product bears the lowest initial cost. The second choice is to hire a programmer and systems analysis staff to build in exactly the features you want. This produces a customized rendition of an automated function. The third choice is a hybrid, and involves finding an off-the-shelf product that can be customized to some of your specifications. There are great differences in cost, security and usage timeframes for these three possibilities.

A company's use of technology often distinguishes it as a market leader.

In a recent survey of mortgage bankers by the Mortgage Bankers Association of America (MBA), 100 percent of the respondents reported that at least one of their automated systems was developed completely in-house. These systems were most often in the area of internal management, and were designed to interpret and report data supplied by other systems that served production or servicing. To integrate the various systems, therefore, it may be necessary to have at least one fully customized application.

Within the realm of customized technology almost anything can be made available, given enough time and money. At the assessment stage, information managers should evaluate what the company needs and which systems could satisfy them. Jeffrey Butler pointed out that, at the time Countrywide made a commitment to optical image processing, the technology was not widely available or proven. They made it work, however, because of the forecasting and planning done in the assessment stage.

Most automated systems are available on stand-alone personal computers, networks, minicomputers and mainframes. While not delving into the technical details of particular computers, it is true that the more processing capacity a company may be trying to buy, the higher the cost.

Vendors will often help a company with its technological assessment. A tool called a design document can supply not only technical specifications but also reporting and tracking data. The design document, while not a plan for final installation, will propose an implementable alternative. Management can split the document into parts and introduce its processes to those managers who will be affected. If the information flow or format will not meet the needs or desires of the firm, then other alternatives should be found. For instance, if a company produces a design document showing a flow of data from origination to servicing that involves sending the data to an outside firm for conversion, this process is unlikely to meet the need of a company that desired greater accuracy in the information flow.

A key to the success of the vendor's design document is the specificity of the company's requirements. Assuming that the system is technically feasible and has available resources, the only real limitation on today's software providers is the manager's ability to spell out what he or she wants. Vendors should be encouraged to meet with a group of the company's veteran managers to ensure this vital two-way communication takes place.

Cost-to-acquire

Any analysis must begin with the price tag attached to the proposed system. Jeff Lebowitz, president of Strategic Systems Partners, a Washington, D.C. research firm, points out that, "mortgage banking as an industry is most likely to make technology decisions when they are in regard to saving costs." Technology does not come cheaply, and companies are wise to analyze how long it will take them to break-even on their investment. Therefore, dollar values should be assigned to expected efficiencies that will result from automation.

Lowered expenses can come from many sources. Better utilization of personnel, centralization of processes, improved marketing decisions (accurate information and pipeline histories can certainly benefit the secondary marketing), quicker delivery time and an increase in loans-per-servicing em-

ployee are just a few examples that can be quantified. Often the dollar value of an error, whether it be from uninsurable loans, lack of coverage in a falling market, or the necessity of hiring temporary staff in critical periods, can be ascertained by management. Thus, the amount the company is willing to spend can be reasonably related to expected gains and the avoidance of losses that will come from the technology.

Once you estimate how much you will save per month (or perhaps how much additional income from added business you can obtain), you have the necessary figures to determine the break-even period. To do this, divide the benefit-per-month into the total cost of the system, and you are left with the amount of months before the system's efficiencies have made the purchase cost-effective. In a highly competitive industry such as mortgage banking, stretching the break-even period over 18 to 24 months would be reasonable. Al Brown, senior vice president of Charlotte, North Carolina-based First Union Mortgage Corporation, says that at his company, "internally, 18 months is used as a threshold for decision-making." Brown also pointed out that this figure can vary greatly at different firms depending on their strategic plans.

Whether it is a shorter or longer timeframe, however, the analyst must keep in mind that automation will eventually spawn a competitive advantage. This advantage may be in goodwill, enhanced customer relationships and/or a better market reputation. Factoring into this cost-to-acquire analysis, then, is the fact that investing in a new system will rarely lead to enhanced profitability overnight—because the company will reap its rewards over the long term. In fact, the six-month period following the product acquisition may be fraught with great expense.

H. Marc Helm, executive vice president of Barron Financial Group, Tustin, California, and chairman of the MBA's Technology Task Force advises that, "Managers must consider return on investment when making decisions to acquire. However they must also apply both subjective and objective means of analysis when considering technology. The long-term effects on customer service, industry reputation and other efficiencies must enter into the decision-making process."

Implementation

Factors involving implementation include the retraining of personnel, the customization of any of the technology to the firm's needs and the development of the culture that is necessary for the new system. These factors can take a toll on the mortgage banking operation's resources.

Sears Mortgage Corporation, Riverwoods, Illinois, a leader in the use of automation for the entire loan production process, uses an implementation team, Dennis Gingue, senior vice president in charge of information technology explains.

"To get people to be competent and proficient quickly, they needed to be trained [off the site of] the branch office environment. While the operations staff is being trained away from ringing phones and the demands of the loan officers and clients, [Sears] sends an implementation team to the branch. The team then certifies that the equipment has been installed properly and

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converts the existing pipeline. In this fashion, the trained staff returns, ready to work," he said.

Though the cost of this approach is likely to be high, it is designed to add speed to the training equation. Thus, many costs may be recouped by lack of down-time and positive customer satisfaction.

Retraining personnel is a primary concern of those integrating any type of new system. Though a company's staff may be computer literate, using a specific software package or a new type of hardware requires a certain amount of rethinking. New users must learn about what types of information they need to have on-hand when they wish to perform a task. They must be trained in the way in which the system accepts information. The order in which tasks are performed must also be reconsidered. Those who have not had any formal computer background may need training in keyboard skills. Whether the question is technical or procedural, it will take a company a certain amount of time to get everyone up and running.

A company's culture can change when the corporation becomes driven by management information systems (MIS). When MIS is viewed by all in a company from the line worker to top management as a new type of accountability and performance analysis, a firm has truly integrated their new technology.

As part of the implementation phase, managers must be encouraged to comment on the procedures, systems and products that have been installed. Users can be encouraged to form groups that propose innovative suggestions. If corporate culture allows for this type of development, MIS becomes an excellent tool.

System fit

A good "fit" between the type of system a company is acquiring and the functions it will be used for is critical. While loan processors may use word processing software, most word processors will not apply to other needs, such as tracking or truth-in-lending computation. If only some employees in the firm will be using the system that is being acquired, the company must also consider how their work will be integrated with other systems. Will there be an interface to link either another automated system or a manual system with the new technology?

Certain types of technology are considered "free-form." Data can be stored in a variety of ways, and output (reports or forms) can be structured to the company's preference. Other systems only allow details to be entered in a certain way, at a certain time, or only have their output printed in a particular format.

Many firms desire to maintain a paper trail on all transactions. Some products may ensure a better fit between manual tracking with an automated process. One example might be when data is input with a corresponding document number that can be filed for later reference.

Upward compatibility

A key element involved in the decision to incorporate new technology is having an overall plan that sees far into the future. Firms that bought small, stand-alone, task-specific systems in the 1980s can now vouch that it is hard to integrate these units into an overall

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system. Equipment and software acquired today must be useful for tomorrow's tasks and growth opportunities.

Some firms may choose to explore upward compatibility by buying a machine that has a larger capacity than is necessary for the company's current operations. While this makes sense as part of a strategy, it is equally important to have software that is flexible in its ability to receive and deliver processed information. Connectivity—sharing data between the organization's computers—and data standards—the manner in which information is passed on—are keys for future expandability.

Connectivity and data standards are currently under development in the industry. In the same vein as the development of a Uniform Residential Appraisal Report (URAR) or the soon to be released Uniform Residential Loan Application (URLA), computers can present vast amounts of similar data in an organized manner. One of the biggest pluses about the way in which a computer can perform the task is that it does it without a lot of bookkeeping or labor-intensive research.

Mortgage bankers have been able to limit the number of different systems that are necessary for growth. As you can see from Table 1, the vast majority of respondents to the survey have three-or-less unique systems operating. Over time, this may be of great benefit because developing interfaces between varied systems can be a difficult task.

Long-term gains

There are many direct long-term gains from automation. Companies that integrate different systems may end up with loan production data that can be passed directly on to their servicing system. These systems do more than cut data-entry expense, they can reduce the number of times such a mistake can be made—which is likely to enhance the bottom line for the mortgage banking operation. For instance, by using data that has been input only once by the loan officer to establish the electronic servicing file, the opportunity for a later mistake from others who handle the file is dramatically reduced.

By using a combination of systems, such as optical storage and bar coding with origination and servicing systems, mortgage bankers can drastically reduce costs. This results from reduced search and filing time, less paper storage, and higher rates of data accuracy. If a growing firm has the systems in place to expand, it may consider becoming a full service mortgage banking company, or offering complimentary lines.

In a recent survey of participants at the 1990 MBA President's Conference, it was noted that close to 60 percent had a chief technology officer. Mortgage bankers are aware of the importance of technology and its impact on their companies. Many are dedicating substantial resources to studying and making the technology decision. With a plan of action for what the future may hold, mortgage bankers will be well equipped to perform the various assessments needed to make the critical technology decision. **MB**

Brian Hershkowitz is an associate director of government agency relations for the Mortgage Bankers Association of America in Washington, D.C.

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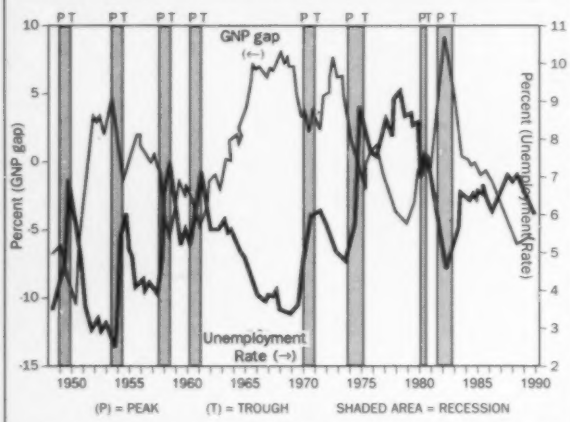
ECONOMIC TRENDS

Recession. After over 7½ years of economic expansion—the longest peacetime expansion since World War II—the U.S. economy appears on the brink of a recession, if it has not already tipped into one. What exactly constitutes a recession? How severe are they typically? How long do they last? Is this one likely to be more or less severe than most?

To begin with, the definition of a recession is not clear-cut. Newspaper stories frequently declare that a recession is defined as two consecutive quarterly declines in real gross national product (GNP). This is the popular definition, but it is not the one economists typically use. Recessions are periods of the business cycle during which economic activity declines. GNP is one important gauge considered in judging the extent of economic weakness, but it is not the only one. The official beginning of a recession and the end are designated by the National Bureau of Economic Research (NBER)—a private research organization in New York—based on an analysis of many statistical indicators, including GNP, unemployment, employment growth, industrial production and many others.

CHART 1. Post-World War II Recessions



Note: The GNP gap is actual constant-dollar GNP minus its long-term trend value, as a percentage of its long-term trend value. In effect, the measure shows how much actual GNP differs from its long-term trend in percentage terms.

Chart 1 and Table 1 show selected characteristics of post-World War II recessions. There have been eight. NBER designates both the peak month (and quarter) immediately preceding each recession, where the business cycle is at its high point, and the trough month (and quarter) signifying the end of a recession, where the business cycle is at its low point. Immediately following the peak through the trough is the recession per se.

As Chart 1 illustrates, the unemployment rate soars during recessions. It then declines during the expansions following recessions, with particularly sharp drops in the first few quarters after the recession. The chart also shows that GNP declines or grows extremely slowly during recessions. However, a review of GNP growth during recessions reveals the pitfalls of defining a recession as two consecutive quarters of decline in GNP. Neither the 1960–1961 recession, nor the 1980 recession showed two successive quarterly declines; yet there is little doubt from other indicators that the economy turned downward during those recessionary periods.

Table 1 shows some details about the duration and severity of post-war recessions. The average length of post-war recessions was 11 months, with the two most recent showing how much the duration can vary. The 1980 recession lasted only six months, while the 1981–1982 recession lasted 16 months.

TABLE 1

Post-World War II Recessions

Peak Quarter (Month)	Trough Quarter (Month)	Recession Duration: Number of Quarters	Recession Duration: Number of Months	Peak-to Trough Change in the Unemployment Rate (Percentage Points)	Peak-to-Trough Change in Real GNP (Percent)
1948:4 (November)	1949:4 (October)	4	11	+4.1	−2.0
1953:2 (July)	1954:2 (May)	4	10	+3.3	−3.0
1957:3 (August)	1958:2 (April)	3	8	+3.3	−3.0
1960:2 (April)	1961:1 (February)	3	10	+1.7	+0.3
1969:4 (December)	1970:4 (November)	4	11	+2.4	−0.4
1973:4 (November)	1975:1 (March)	5	16	+3.8	−4.3
1980:1 (January)	1980:3 (July)	2	6	+1.5	−2.3
1981:3 (July)	1982:4 (November)	5	16	+3.6	−3.2
Average:—	—	3.8	11.0	+3.0	−2.2

The severity also varied a great deal. The average increase in the unemployment rate from the business cycle peak to the trough was 3 percentage points, while the decline in GNP averaged a little more than 2 percent. In the past twenty years, there has been a clear relationship between the length of a recession and its severity. For instance, the 1973–1975 and the 1981–1982 recessions were significantly longer and deeper than the 1980 recession. The former two recessions lasted nearly a year and a half and saw the unemployment rate surge 3½ to 4 percentage points. The 1980 recession lasted only half a year, with only a 1½ percentage point increase in the unemployment rate.

The forecast 1990–1991 recession is expected to be extremely mild compared to the other post-war recessions. Our forecast calls for a peak in the third quarter of 1990 and a trough in the first quarter of 1991. The unemployment rate is only expected to rise a little more than 1 percentage point and real GNP is only expected to fall about 1 percent. In both duration and severity, it is much more likely to resemble the 1960–1961 recession than the much deeper recessions of the 1940s, 1950s, 1973–1975, and 1981–1982.

Thomas M. Holloway
Senior Economist

HOUSING ACTIVITY

RESIDENTIAL STRUCTURES

(Units in Thousands, Seasonally Adjusted Annual Rates)

	BY TYPE OF UNIT						BY REGION							
	HOUSING STARTS			BUILDING PERMITS			HOUSING STARTS				BUILDING PERMITS			
1990	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units	Northeast	Midwest	South	West	Northeast	Midwest	South	West
JUN	1,189	931	258	1,108	844	264	113	241	535	300	121	224	428	335
JULY	1,153	904	249	1,082	838	244	113	225	493	322	111	227	428	316
AUG	1,142	872	270	1,050	818	232	118	241	440	343	112	225	402	311
SEPT	**1,135**	**913**	**222**	**1,006**	**781**	**225**	**105**	**249**	**453**	**328**	**105**	**227**	**391**	**283**
1989 TOTAL	1,376	1,059	318	1,338	999	340	179	266	536	396	179	252	505	402
1988 TOTAL	1,488	1,140	348	1,456	1,070	386	235	274	575	404	230	266	544	416
9 MONTH AVG. (SAAR)														
1990	1,267	986	281	1,187	898	289	137	271	500	359	134	265	446	343
1989	1,399	1,073	326	1,339	1,000	339	190	265	548	396	185	254	508	392
1988	1,474	1,130	344	1,433	1,056	377	251	265	566	391	240	259	534	401

HOME SALES

(Units in Thousands)

	EXISTING HOMES			NEW HOMES		
1990	Sold (SAAR)	Available for Sale	Months Supply At Current Sales Rate	Sold (SAAR)	Available for Sale	Months Supply At Current Sales Rate
MAY	3,300	2,740	9.9	536	360	8.2
JUN	3,330	2,650	9.6	559	354	7.8
JULY	3,330	2,570	9.3	558	350	7.7
AUG	**3,500**	**2,720**	**9.3**	**550**	**343**	**7.7**
1989 TOTAL	3,440	---	---	650	---	---
1988 TOTAL	3,594	---	---	676	---	---
8 MONTH AVG. (SAAR)						
1990	3,389	---	---	564	---	---
1989	3,435	---	---	656	---	---
1988	3,499	---	---	671	---	---

VALUE OF NEW PRIVATE CONSTRUCTION PUT IN PLACE

(Units in Billions of 1987 Dollars, Seasonally Adjusted Annual Rates)

	Total[5]	1–Unit	2+ Units	Nonresidential
MAY	$303.9	$105.7	$19.1	$93.5
JUN	299.1	101.8	17.0	95.4
JULY	301.8	100.1	17.0	99.1
AUG	**295.6**	**98.2**	**17.2**	**94.7**
1989 TOTAL	308.5	108.3	20.7	96.0
1988 TOTAL	314.4	112.0	21.4	93.5
8 MONTH AVG. (SAAR)				
1990	306.0	106.7	17.9	95.4
1989	312.1	110.4	21.3	96.0
1988	314.9	111.6	21.5	93.8

LENDER ACTIVITY

LONG-TERM MORTGAGE LOANS CLOSED
By Type of Institution and By Type of Unit
(Dollars in Millions)

	1-4 UNITS					5+ UNITS					NONRESIDENTIAL				
	Total[2]	Mortgage Bankers	Savings & Loans[7]	Commercial Banks	Life Companies	Total[2]	Mortgage Bankers	Savings & Loans[7]	Commercial Banks	Life Companies	Total[2]	Mortgage Bankers	Savings & Loans[7]	Commercial Banks	Life Companies
1990															
FEB	$30,305	$9,867	$9,964	$10,129	$27	$3,041	$682	$803	$768	$551	$14,039	$202	$881	$9,469	$3,320
MAR	33,747	8,703	12,620	12,014	29	2,765	557	1,120	802	61	18,878	102	893	14,794	2,978
APR	32,585	7,543	12,295	12,405	28	1,597	145	940	317	50	16,510	100	703	12,240	3,048
MAY	**34,554**	**8,782**	**12,019**	**13,332**	**27**	**1,983**	**233**	**878**	**649**	**41**	**15,221**	**110**	**621**	**10,618**	**2,772**
1989 TOTAL	352,026	65,606	157,676	129,193	1,443	31,145	4,443	13,469	7,669	2,786	149,950	1,688	14,476	106,424	25,675
1988 TOTAL	381,566	85,307	188,871	101,863	3,331	38,158	4,526	20,551	6,920	3,732	181,604	1,032	24,368	124,106	29,986
5 MONTH AVG.															
1990	33,041	8,939	11,584	12,092	72	2,522	497	925	663	216	16,373	133	771	12,010	3,051
1989	27,376	5,320	12,859	8,813	77	2,535	293	1,293	534	176	10,544	106	1,498	7,180	1,623
1988	27,363	6,360	12,978	7,562	131	2,578	246	1,445	477	256	14,860	47	1,928	10,847	1,788

MORTGAGE INSURANCE
(Units in Thousands, Dollars in Millions)

	APPLICATIONS RECEIVED (Units)				LOANS INSURED							
	TOTAL	FHA[8]	VA	PRIVATE	TOTAL		FHA		VA		PRIVATE	
					Units	Amount	Units	Amount	Units	Amount	Units	Amount
1990												
MAY	155	93	17	45	112	$8,919	65	$4,382	15	$1,236	32	$3,300
JUN	150	90	17	43	112	9,010	64	4,289	16	1,309	32	3,412
JUL	144	84	15	45	118	9,652	67	4,509	15	1,254	36	3,889
AUG	**154**	**89**	**18**	**47**	**126**	**10,074**	**70**	**4,764**	**19**	**1,573**	**37**	**3,937**
1989 TOTAL	1,687	990	194	503	1,274	95,956	726	45,893	183	12,946	365	37,117
1988 TOTAL	1,755	949	211	595	1,334	98,012	699	42,577	211	15,771	424	39,664
8 MONTH AVG.												
1990	147	88	17	42	115	9,015	67	4,395	17	1,357	31	3,263
1989	143	85	16	42	100	7,558	56	3,488	15	1,160	29	2,910
1988	154	85	17	52	111	8,119	58	3,530	17	1,272	36	3,317

NA—Not Available. SAAR—Seasonally Adjusted Annual Rate

[1]Secondary market gross yields. Numbers shown for each month are the average of yields from the first day of the month shown and the first day of the subsequent month.

[2]Effective rate on loans closed.

[3]Securities for 0- to 30-day delivery.

[4]In addition to the categories of private construction shown, the total also includes these categories: residential improvements, railroads, electric light and power, gas, telephone and telegraph, petroleum pipelines, and farm nonresidential.

[5]In addition to the categories shown, the total also includes private pension funds, private MBS conduits, state and local retirement funds, federal credit agencies, mortgage pools, and state and local investment agencies.

[7]Savings & Loans and Mutual Savings Banks.

[8]FHA applications received includes the Direct Endorsement Program.